

Message Text

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17-20

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07

H-03 L-03 NSC-10 PA-03 PRS-01 SS-15 USIA-15 ACDA-19

IO-15 SCEM-02 DRC-01 /208 W
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P 091400Z OCT 73

FM USINT BAGHDAD

TO SECSTATE WASHDC PRIORITY 577

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L BAGHDAD 546

E.O. GDS

TAGS: ENRG IZ

SUBJECT: EXXON AND MOBIL NATIONALIZATION

1. LOCAL BPC REPRESENTATIVE PAWSON MET WITH MINISTER PETROLEUM HAMMADI OCTOBER 7 TO RECEIVE IMPLEMENTING INSTRUCTIONS FOR EXXON AND MOBIL NATIONALIZATIONS. HAMMADI HAD SAID THERE NO OTHER CHANGE IN POLICY TOWARD BPC, ALL PREVIOUS ACCORDS REMAIN IN EFFECT, AND IRAQ WANTED EXPANSION PROGRAM TO CONTINUE. HE ALSO SAID EXXON/MOBIL OR OTHER BPC PARTNERS HAD RIGHT OF FIRST REFUSAL FOR PURCHASE NATIONALIZED OIL AT MARKET PRICE AT LEAST THROUGH NEXT YEAR. HAMMADI MADE NO MENTION OF BAN ON OIL EXPORTS TO USA NOR IS SUCH BAN MENTIONED IN LAW.

2. ON SAME DAY OF NATIONALIZATION INOC SIGNED 15 MILLION DOLLAR CONTRACT WITH US STEEL FOR PURCHASE FOUR DRILLING RIGS.

3. COMMENT: GOI APPARENTLY HOPES AND BELIEVES THAT SUBSTANTIAL COMMERCIAL RELATIONSHIP WITH US CAN CONTINUE TO EXPAND DESPITE NATIONALIZATION. WHILE USINT UNABLE EVALUATE EXTERNAL CON-
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SEQUENCES THIS CLEARLY POLITICAL AND DISCRIMINATORY

NATIONALIZATION, IT IS MY OPINON THAT OUR OVERALL INTERESTS
IN IRAQ ITSELF WILL BE BEST SERVED BY INSISTING ON ADEQUATE
AND PROMPT COMPENSATION BUT LIMITING OUR REACTION ON DISCRIM-
INATORY AND POLITICAL ELEMENTS TO STRONG PROTEST.
LOWRIE

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NNN

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